

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Blumfield Reese Water Authority	County Saginaw
Audit Date 3/31/05	Opinion Date 5/17/06	Date Accountant Report Submitted to State: 6/22/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

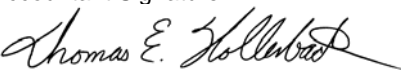
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable boxes for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL: 129/91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Yeo & Yeo, P.C. CPAs			
Street Address 3023 Davenport	City Saginaw	State MI	ZIP 48602
Accountant Signature 			

**BLUMFIELD-REESE WATER AUTHORITY**

**Saginaw and Tuscola Counties, Michigan**

**Annual Financial Statements**

**and**

**Auditors' Report**

**March 31, 2006**

**BLUMFIELD-REESE WATER AUTHORITY**

**Saginaw and Tuscola Counties, Michigan**

**Annual Financial Statements**

**and**

**Auditors' Report**

**March 31, 2006**

**BOARD MEMBERS**

		<u>TERM EXPIRES</u>
JOE HEMBLING	CHAIRMAN	3/31/07
DON REIF	VICE-CHAIRMAN	3/31/07
HOWARD BERNREUTER	TREASURER	3/31/06
DON HAUSBECK	SECRETARY	3/31/08
JIM PRUETER	MEMBER	3/31/08
STEWART YOCKEY	MEMBER	3/31/06
MIKE ROGERS	MEMBER	3/31/08
MIKE TROMBLEY	MEMBER	

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## **Independent Auditors' Report**

Board of Trustees  
Blumfield-Reese Water Authority  
Saginaw and Tuscola Counties, Michigan

We have audited the Statement of Net Assets of the Blumfield-Reese Water Authority as of and for the year ended March 31, 2006 and the related statement of revenue, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Blumfield-Reese Water Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Blumfield-Reese Water Authority at March 31, 2006 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Water Authority has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not a required part of, the basic financial statements.

The supplementary financial data identified in the table of contents, although not considered necessary for a fair presentation of financial position, results of operation and cash flows are presented primarily for supplemental analysis purposes.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
May 17, 2006

**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Statement of Net Assets**

	March 31,	
	2006	2005
<b>Assets</b>		
Current assets		
Cash and cash equivalents		
Cash on hand	\$ 150	\$ 150
Cash on deposit	177,536	191,865
Certificate of deposit	350,179	214,973
	527,865	406,988
Accounts receivable - water	72,151	76,033
Prepaid insurance	-	1,823
Inventory - materials and supplies, at cost	4,691	7,119
Total current assets	604,707	491,963
Restricted assets		
Cash and cash equivalents		
Cash on deposit - system replacement fees	146,594	104,350
Long-term contract receivable - extensions	136,935	166,135
Total restricted assets	283,529	270,485
Property, plant and equipment, at cost		
Tower sign	1,895	1,895
Land and improvements	62,918	62,918
Buildings	89,461	89,461
Equipment	28,888	18,152
Elevated tank	98,183	98,108
Distribution system	3,793,137	3,776,927
	4,074,482	4,047,461
Less: accumulated depreciation	1,493,691	1,398,321
Net property, plant and equipment	2,580,791	2,649,140
Total assets	\$ 3,469,027	\$ 3,411,588

See Accompanying Notes to Financial Statements

**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Statement of Net Assets**  
**(Continued)**

	March 31,	
	2006	2005
<b>Liabilities and Net Assets</b>		
Liabilities		
Current liabilities		
Maturing general obligation bonds	\$ 40,000	\$ 40,000
Accounts payable	20,786	20,921
Due to Blumfield Township	-	13,203
Total current liabilities	<u>60,786</u>	<u>74,124</u>
Current liabilities payable from restricted assets		
Maturing bonds and contracts payable	29,200	29,200
Deferred revenue		
M-46/M-83 extension	4,508	2,714
Janes, E. of Beyer extension	(1,186)	(3,244)
Block/M-46/Reese	(2,471)	(12,223)
Bradley	10,253	(2,774)
Dehmel	2,895	2,895
M-15/Reese/Wilder	9,913	14,004
Beyer, N. of M-81	(5,158)	(5,158)
Total current liabilities payable from restricted assets	<u>47,954</u>	<u>25,414</u>
Long-term liabilities (less current maturities)		
General obligation bonds payable		
1968 issue	-	40,000
M-46/M-83 extension	35,000	40,000
Installment purchase contracts		
Janes, E. of Beyer extension	6,000	9,000
Block\M-46\Reese	32,671	49,004
Bradley	34,064	38,931
Total long-term liabilities	<u>107,735</u>	<u>176,935</u>
Total liabilities	<u>216,475</u>	<u>276,473</u>
Net Assets		
Invested in capital assets, net of related debt	2,403,856	2,403,005
Unrestricted	848,696	732,110
Total net assets	<u>3,252,552</u>	<u>3,135,115</u>
Total net assets and liabilities	<u>\$ 3,469,027</u>	<u>\$ 3,411,588</u>

See Accompanying Notes to Financial Statements

**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Year Ended March 31, 2006**

	General Operations	Original Bond Activity	Blumfield Township Extensions	Total
<b>Revenues</b>				
Connection income	\$ 8,036	\$ -	\$ -	\$ 8,036
Less: connection expenses	7,958	-	-	7,958
Net connection income	78	-	-	78
Water revenues	390,665	-	-	390,665
Less: cost of water	211,346	-	-	211,346
Net water revenue	179,319	-	-	179,319
Water availability charge	-	40,798	-	40,798
Total revenues	179,397	40,798	-	220,195
Operating expenses	244,813	-	-	244,813
Operating income (loss)	(65,416)	40,798	-	(24,618)
Other revenue				
Interest	16,188	-	-	16,188
Contributed income for Bader Woods	9,295	-	-	9,295
Bond revenues				
Bond charge	-	52,357	-	52,357
Oversize meter charge	-	4,474	-	4,474
System replacement fees	42,244	-	-	42,244
Trailer park				
Monthly charge	-	2,411	-	2,411
Rental of tower space	13,804	-	-	13,804
Late charges and other	5,107	-	-	5,107
Contributions from municipalities for bond interest and fees	-	-	7,789	7,789
Total other revenue	86,638	59,242	7,789	153,669
Other charges				
Interest on bonds	-	3,600	7,339	10,939
Fees	-	275	400	675
Total other charges	-	3,875	7,739	11,614
Increase in net assets	<u>\$ 21,222</u>	<u>\$ 96,165</u>	<u>\$ 50</u>	117,437
Net assets				
Net assets, beginning of year				3,135,115
Net assets, end of year				<u>\$ 3,252,552</u>

See Accompanying Notes to Financial Statements



**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Statement of Cash Flows**

	Year Ended March 31,	
	2006	2005
<b>Cash flows from operating activities</b>		
Water sales	\$ 442,730	\$ 423,314
Payment to suppliers	(290,825)	(309,155)
Payment to employees	(63,679)	(56,762)
Net cash provided by operating activities	<u>88,226</u>	<u>57,397</u>
<b>Cash flows from capital and related financing activities</b>		
Debt service charges	120,397	149,929
Contributions for bond interest, fees and other	7,789	8,931
Contributions for capital projects	9,295	202,548
Payments from long-term contract receivable	29,200	29,200
Principal paid on bonds and notes payable	(69,200)	(69,200)
Interest paid less bond discounts on bonds payable	(10,939)	(14,531)
Fees	(675)	(675)
Payments to Blumfield Township	-	(34,968)
Acquisition and construction of capital assets	(27,160)	(332,000)
Net cash provided (used) for capital and related financing activities	<u>58,707</u>	<u>(60,766)</u>
<b>Cash flows from investing activities</b>		
Interest earned	16,188	8,709
Purchase of Certificate of Deposit	(135,206)	(61,000)
Net cash used by investing activities	<u>(119,018)</u>	<u>(52,291)</u>
Net increase (decrease) in cash and cash equivalents	27,915	(55,660)
Cash and cash equivalents, beginning of year	296,365	352,025
Cash and cash equivalents, end of year	<u>\$ 324,280</u>	<u>\$ 296,365</u>
<b>Reconciliation of net operating revenues (expenses to net cash provided by (used in) operating activities:</b>		
Net loss from operations	\$ (24,618)	\$ (20,616)
Adjustments to reconcile net income from operations to net cash provided by operating activities		
Depreciation	95,509	93,978
(Increase) decrease in:		
Accounts receivable	3,882	(16,316)
Prepaid expenses	1,823	(811)
Inventory	2,428	(2,374)
Due to Bavarian Builders	-	10,893
Increase (decrease) in:		
Accounts payable	(135)	3,569
Due to Blumfield Township	(13,203)	13,203
Due to property owners	-	(20,674)
Deferred revenue - restricted	<u>22,540</u>	<u>(3,455)</u>
Net cash provided by operating activities	<u>\$ 88,226</u>	<u>\$ 57,397</u>

See Accompanying Notes to Financial Statements

**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Notes to Financial Statements**  
**March 31, 2006**

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**NOTE 1 - ORGANIZATION AND PURPOSE**

In April of 1966, Blumfield Township and the Village of Reese organized the Blumfield-Reese Water Authority. Upon organization, the Water Authority issued \$1,000,000 of bonds dated October 1, 1968 for the purpose of constructing certain storage, transmission and distribution facilities to provide a supply of filtered water from the City of Saginaw to the respective municipalities. The bonds are secured by the full faith and credit pledges of the respective municipalities on an equal basis. Effective May 1, 1997, the Corporation amended its articles of incorporation to include the Township of Denmark.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared on the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**THE REPORTING ENTITY**

In accordance with the provisions of GASB Statement 14, certain other governmental organizations are not considered to be part of the Water Authority entity for financial reporting purposes. The criteria established by GASB 14 for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements of certain other governmental organizations listed below are not included in the financial statements of the Water Authority.

Blumfield Township  
Village of Reese  
Denmark Township

**BASIS OF PRESENTATION**

The financial activities of the Corporation are recorded within one fund, categorized and described as follows:

**PROPRIETARY FUND**

Enterprise Fund – The Enterprise Fund reports operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control, or other purposes.

The accrual basis of accounting is used in recording Enterprise Fund transactions, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Notes to Financial Statements**  
**March 31, 2006**

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**CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, the Water Authority considers all highly liquid debt instruments purchased with a contractual maturity of three months or less to be cash equivalents.

**ACCOUNTS RECEIVABLE**

Accounts receivable consist of amounts due from water consumers and consist of amounts billed and unbilled as of March 31, 2006. Management writes off amounts when they are deemed uncollectible. As of March 31, 2006, all receivables are considered collectable. Therefore, no allowance for doubtful accounts has been reported by Management.

**INVENTORY**

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed.

**RESTRICTED CASH**

Certain amounts have been restricted for system replacement fees. Amounts received for system replacement fees from the bond revenues are added to the restricted cash balance.

**ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**COMPARATIVE DATA**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT 20**

In accordance with GASB Statement 20, the Authority has elected not to apply the FASB statements and interpretations issued after November 30, 1989 to its financial statements.

**NOTE 3 - CASH AND INVESTMENTS**

At year end the Water Authority's deposits and investments were reported in the basic financial statements in the following categories:

<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Restricted Cash and Cash Equivalents</u>
\$ 177,536	\$ 350,179	\$ 146,594

**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Notes to Financial Statements**  
**March 31, 2006**

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The breakdown between deposits and investments is as follows:

Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 674,309
Petty cash and cash on hand	<u>150</u>
	<u>\$ 674,459</u>

*Interest rate risk* – The Water Authority does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates.

*Credit risk* – State statutes authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The investment policy adopted by the government authorizes investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

*Concentration of credit risk* – The Water Authority has no policy that would limit the amount that may be issued in any one issuer.

*Custodial credit risk - deposits* – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year end \$457,778 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**NOTE 4 - PROPERTY, PLANT AND EQUIPMENT**

The straight line method of depreciation was used for depreciating plant and equipment based on the following useful lives:

Land improvements	15 years
Buildings	10-15 years
Elevated Tank	5-40 years
Distribution System:	
Lines	45 years
Pumps and Controls	15 years
Meters	15 years
Equipment	5-10 years
Tower sign	10 years

**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Notes to Financial Statements**  
**March 31, 2006**

Depreciation expense for the fiscal year ended March 31, 2006 was \$95,509.

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets				
Tower sign	\$ 1,895	\$ -	\$ -	\$ 1,895
Land	9,977	-	-	9,977
Land improvements	52,941	-	-	52,941
Buildings	89,461	-	-	89,461
Equipment	18,152	10,875	139	28,888
Elevated tank	98,108	75	-	98,183
Distribution system	3,776,927	16,210	-	3,793,137
Total capital assets	<u>4,047,461</u>	<u>27,160</u>	<u>139</u>	<u>4,074,482</u>
Less accumulated depreciation				
Tower sign	1,895	-	-	1,895
Land improvements	27,928	3,279	-	31,207
Buildings	18,812	2,161	-	20,973
Equipment	11,999	1,877	139	13,737
Elevated tank	87,102	4,883	-	91,985
Distribution system	1,250,585	83,309	-	1,333,894
Total accumulated depreciation	<u>1,398,321</u>	<u>95,509</u>	<u>139</u>	<u>1,493,691</u>
Capital assets, net	<u>\$ 2,649,140</u>	<u>\$ (68,349)</u>	<u>\$ -</u>	<u>\$ 2,580,791</u>

**NOTE 5 - LONG TERM DEBT**

Debt is as follows:

	March 31, 2006	2005
Beginning balance	\$ 246,135	\$ 315,335
Payments during year	<u>(69,200)</u>	<u>(69,200)</u>
Ending balance	176,935	246,135
Less: current maturities	<u>69,200</u>	<u>69,200</u>
Long-term portion of debt	<u>\$ 107,735</u>	<u>\$ 176,935</u>

The annual requirements to pay principal and interest of 6% for the 1968 bonds of \$1,000,000 are as follows:

Year Ending March 31,	Principal	Interest	Total
2007	<u>\$ 40,000</u>	<u>\$ 1,200</u>	<u>\$ 41,200</u>

**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Notes to Financial Statements**  
**March 31, 2006**

During the year ended March 31, 1993, the Water Authority issued \$105,000 of fully registered bonds for the purpose of constructing the M-46/M-83 water main extension. The principal and interest on the bonds are to be repaid by Blumfield Township through a contract entered into between the Authority and Township.

Future interest and principal payments are as follows:

<u>Year Ending March 31,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	6.50%	\$ 5,000	\$ 2,523	\$ 7,523
2008	6.60%	5,000	2,190	7,190
2009	6.70%	5,000	1,855	6,855
2010	6.75%	5,000	1,519	6,519
2011	6.75%	10,000	675	10,675
2012	6.75%	10,000	675	10,675
		<u>\$ 40,000</u>	<u>\$ 9,437</u>	<u>\$ 49,437</u>

During the year ended March 31, 1995, the Water Authority entered into an installment purchase contract for \$245,000 for the purpose of constructing the Block Road / M-46 / Reese Road water main extension. The principal and interest on the contract are to be repaid by Blumfield Township through a contract entered into between the Authority and Township.

Future interest and principal payments are as follows:

<u>Year Ending March 31,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	5.0%	\$ 16,333	\$ 2,484	\$ 18,817
2008	5.0%	16,333	1,661	17,994
2009	5.0%	16,338	828	17,166
		<u>\$ 49,004</u>	<u>\$ 4,973</u>	<u>\$ 53,977</u>

During the year ended March 31, 1995, the Water Authority entered into an installment purchase contract for \$ 45,000 for the purpose of constructing the Janes, E. of Beyer Road water main extension. The principal and interest on the contract are to be repaid by Blumfield Township through a contract entered into between the Authority and Township.

Future interest and principal payments are as follows:

<u>Year Ending March 31,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	5.0%	\$ 3,000	\$ 456	\$ 3,456
2008	5.0%	3,000	305	3,305
2009	5.0%	3,000	152	3,152
		<u>\$ 9,000</u>	<u>\$ 913</u>	<u>\$ 9,913</u>

**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Notes to Financial Statements**  
**March 31, 2006**

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During the year ended March 31, 1999, the Water Authority entered into an installment purchase contract for \$73,000 for the purpose of constructing the Bradley Road water main extension. The principal and interest on the contract are to be repaid by Blumfield Township through a contract entered into between the Authority and the Township.

Future interest and principal payments are as follows:

<u>Year Ending March 31,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	4.85%	\$ 4,867	\$ 1,188	\$ 6,055
2008	4.85%	4,867	1,652	6,519
2009	4.85%	4,867	1,416	6,283
2010	4.85%	4,867	1,416	6,283
2011	4.85%	4,867	1,416	6,283
2011-2012	4.85%	<u>14,596</u>	<u>1,408</u>	<u>16,004</u>
		<u>\$ 38,931</u>	<u>\$ 8,496</u>	<u>\$ 47,427</u>

**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Schedule of Operating Expenses**  
**Year Ended March 31, 2006**

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Salaries	\$ 58,705
Contractual labor	4,974
Board expense	7,070
Legal and professional	4,870
Office expense	3,048
Utilities	4,740
Insurance	16,734
Equipment rental	7,100
Repair and maintenance	31,872
Payroll taxes	4,677
Miscellaneous	<u>5,514</u>
Total operating expenses before depreciation	149,304
Depreciation	<u>95,509</u>
Total operating expenses	<u><u>\$ 244,813</u></u>



**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Schedule of Connection Income and Water Revenues**  
**Year Ended March 31, 2006**

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Connection income	
Blumfield	\$ 5,934
Reese	<u>2,102</u>
Total connection income	<u><u>\$ 8,036</u></u>
Water revenues	
Blumfield	\$ 159,604
Reese	158,542
Denmark	37,615
Water salesman	<u>34,904</u>
Total water revenues	<u><u>\$ 390,665</u></u>

**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Schedule of Water Cost**  
**Year Ended March 31, 2006**

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Water cost	
Blumfield	\$ 86,344
Reese	85,770
Denmark	20,349
Water salesman	<u>18,883</u>
Total water cost	<u><u>\$ 211,346</u></u>
Operating expenses	
Depreciation	<u>\$ 95,509</u>
Total operating expenses	<u><u>\$ 95,509</u></u>

**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Schedule of Original Bond**  
**Revenues, Bond Payments and Municipal Capital**  
**Year Ended March 31, 2006**

	Blumfield Capital	Blumfield Original	Reese Original	Denmark Original	Total
Revenue					
Bond charge	\$ -	\$ 25,864	\$ 26,493	\$ -	\$ 52,357
Oversize meter	-	1,321	2,627	526	4,474
Trailer Park					
Monthly charge	-	-	2,411	-	2,411
Water availability charge					
Original	40,798	-	-	-	40,798
	<u>\$ 40,798</u>	<u>\$ 27,185</u>	<u>\$ 31,531</u>	<u>\$ 526</u>	<u>\$ 100,040</u>
Bond payments					
Principal	\$ -	\$ 20,000	\$ 20,000	\$ -	\$ 40,000
Interest	-	1,800	1,800	-	3,600
Fees	-	137	138	-	275
	<u>\$ -</u>	<u>\$ 21,937</u>	<u>\$ 21,938</u>	<u>\$ -</u>	<u>\$ 43,875</u>
Balance collected in previous years	\$ 319,636				
Current year net revenues	<u>40,798</u>				
Balance, March 31, 2006	<u>\$ 360,434</u>				

**Blumfield-Reese Water Authority**  
**Saginaw and Tuscola Counties, Michigan**  
**Schedule of Water Charges**  
**Year Ended March 31, 2006**

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	<u>Blumfield Capital</u>	<u>Reese</u>	<u>Denmark</u>	<u>Total</u>
Water availability charge	<u>\$ 37,500</u>	<u>\$ -</u>	<u>\$ 3,298</u>	<u>\$ 40,798</u>

	<u>System Replacement Fund</u>			
	<u>Blumfield</u>	<u>Reese</u>	<u>Denmark</u>	<u>Total</u>
System replacement fees	<u>\$ 21,335</u>	<u>\$ 16,645</u>	<u>\$ 4,264</u>	<u>\$ 42,244</u>